



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
Bethesda, Maryland 20892

February 9, 2004

TO: OD Senior Staff

FROM: Deputy Director, NIH

SUBJECT: OD Policy and Procedures on Performance Management, Bonuses and Pay Increases for Title 42 Employees

This memorandum updates guidance on the above referenced topics that was issued in 2001 in order to incorporate provisions of the Title 42 Pay Model that has been issued in the interim.

The “NIH Policy on Performance Management, Disciplinary Actions, and Administrative Removals for Title 42 Employees, and *OD-Related Policies*” was issued on May 23, 2001. The OD policies and supplemental guidance were incorporated into the body of the NIH policy. We have decided to issue the OD guidance separately. The following OD policies supplement and clarify aspects of the NIH policy where IC discretion is allowed. The NIH policy is posted on the Office of Human Resources website at <http://hr.od.nih.gov/hrinfo/Title42/T42-EPMS-9.htm>

PERFORMANCE MANAGEMENT

1. A one year probationary period will be used for all Title 42 employees. (Section C. *Probationary Periods* in the NIH policy permits ICs to establish either a one or two year probationary period.)
2. Senior Title 42 Manager positions in the OD are those positions that are equivalent to NIH Deputy Directors, Associate Directors, and Office Directors who report directly to the Director, NIH.
3. Recommendations for termination for unacceptable performance, reductions in pay, terminations for cause or administrative reasons, or proposed disciplinary actions will be issued by first level supervisors. The Deputy Director, NIH will be the Deciding Official.

PAY ADJUSTMENTS

Policy and procedures for performance based pay adjustments are outlined in the NIH Title 42 Pay Model on Page 3, “Performance Based Pay Adjustments”. The pay model is available on the Office of Human Resources website at <http://hr.od.nih.gov/hrinfo/Title42/default.htm>

PERFORMANCE BONUSES and CASH AWARDS

The memorandum issued by the Acting Deputy Director, NIH on August 10, 2001 titled “Procedures for Recommending Performance Bonuses and Pay Increases for Title 42 Employees (Including Special Experts)” is superceded.

NIH policy requirements result in the following three categories of Title 42 employees:

Group	Category	Appraisal Period	Bonus Criteria	Bonus Limitation
1	Title 42 Senior Managers	October 1 – September 30	Acceptable rating based on 1 year	50% may receive a bonus within the fiscal year
2	Other Title 42 Employees whose salary exceeds GS-15/10	January 1 – December 31	Acceptable rating based on 1 year	50% may receive a bonus within the fiscal year
3	Other Title 42 Employees whose salary equals or is less than GS-15/10	January 1 – December 31	Acceptable rating based on 120 days	No limitation on how many may receive a bonus

Procedures for performance appraisal, performance bonuses, and performance based pay adjustments for each of the three categories of Title 42 employees are outlined below.

Group 1 – Title 42 Senior Managers

Performance of Senior Title 42 Managers is assessed on a fiscal year cycle. The performance review process for Title 42 Senior Managers will be handled at the same time as the SES performance review.

Specific guidance regarding the preparation and review of accomplishments will be transmitted to covered employees at the same time that accomplishments are requested from SES employees. The NIH Deputy Director will make recommendations regarding performance bonuses and/or pay adjustments. Annual performance bonuses up to 10% of base pay may be recommended. The NIH policy establishes a limitation on the number of bonuses that can be granted to Title 42 employees in an IC whose salary exceeds GS-15/10. No more than 50% of these employees (combined number of Title 42 Senior Managers and other Title 42 employees whose salary exceeds GS-15/10) can receive a performance bonus in a given fiscal year.

Group 2 – Title 42 Employees Whose Salary Exceeds GS-15/10

The appraisal period for these employees is based on the calendar year – January 1 to December 31. Performance is reviewed and appraised by the employee’s supervisor at the end of the performance period - December 31. Performance ratings should be completed by

January 31, and new performance plans/contracts should be established during January for the next rating year. Plans/contracts should be retained during the year by the supervisor.

Supervisors will be asked to submit written nominations in January/February for performance bonuses up to 10% of base salary and performance based pay increases. The number of performance bonuses may not exceed 50% of the total number of Title 42 employees whose salary exceeds GS-15/10 (includes Title 42 Senior Managers). Performance bonuses require approval by the Deputy Director, NIH. All performance based pay adjustments will be made effective in the spring of each year per the guidance in the Title 42 Pay Model.

Group 3 – Title 42 Employees Whose Salary Is Equal To or Less Than GS-15/10

The appraisal period for these employees is based on the calendar year – January 1 to December 31. Performance is reviewed and appraised by the employee's supervisor at the end of the performance period - December 31. Performance ratings should be completed by January 31, and new performance plans/contracts should be established during January for the next rating year. Plans/contracts should be retained during the year by the supervisor.

OD Office Directors as delegated may approve performance bonuses up to 10% of base salary. Single or cumulative awards in excess of \$5,000 in a calendar year from any source require approval by the Deputy Director, NIH.

Supervisors will be asked to submit written nominations for performance based pay increases in January/February. All performance based pay adjustments will be made effective in the spring of each year per the guidance in the Title 42 Pay Model.

Cash Awards

Cash awards for Title 42 employees to recognize a one-time special act or service that is outside the norm of the employee's responsibilities or to recognize a significant act may be approved by OD Office Directors with delegated authority. Cash awards should not be used as a substitute for performance bonuses. Single or cumulative awards in excess of \$5,000 in a calendar year from any source require approval by the Deputy Director, NIH.

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cc: Administrative Officers